

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15 USIA-15

AID-05 COME-00 EB-07 FRB-01 TRSE-00 XMB-04 OPIC-06

CIEP-02 LAB-04 SIL-01 OMB-01 IO-13 /113 W

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P 102200Z DEC 76

FM AMCONSUL QUEBEC

TO SECSTATE WASHDC PRIORITY 0834

INFO AMEMBASSY OTTAWA PRIORITY

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UNCLAS QUEBEC 0383

E.O. 11652: N/A

TAGS: PINT, PGOV, ECON, CA

SUBJECT: BUSY SECOND WEEK FOR PQ GOVERNMENT

REF: QUEBEC 0382

1. SUMMARY - IN ADDITION TO WORKING ON GOQ AGENDA FOR UPCOMING PREMIERS' MEETING (REFTEL), CABINET MEETING HELD WEDNESDAY DECIDED THAT MINIMUM WAGE WOULD BE RAISED TO 3 DOLLARS AN HOUR, THAT A BUY-QUEBEC GOVERNMENT PURCHASING POLICY WOULD BE INSTITUTED, AND THAT AN "EXHAUSTIVE INQUIRY" INTO THE COST OF THE OLYMPIC GAMES WOULD BE LAUNCHED. IN ADDITION, CABINET ESTABLISHED CODE OF ETHICS FOR GOVERNMENT MEMBERS IN ATTEMPT AVOID SCANDALS WHICH TROUBLED BOURASSA GOVERNMENT. IN OTHER ACTIONS, RENE LEVESQUE SAID AN INDEPENDENT QUEBEC WOULD BRING ITS CLAIM FOR POSSESSION OF LABRADOR BEFORE AN INTERNATIONAL COURT AND MINISTER OF STATE FOR PARLIAMENTARY REFORM ROBERT BURNS GAVE FIRST INDICATIONS OF PQ PLANS TO INTRODUCE PROPORTIONAL REPRESENTATION AND ABOLISH SECRET PARTY CAMPAIGN CHESTS. END SUMMARY

2. DESPITE STATEMENTS BY INDUSTRY AND COMMERCE MINISTER RODRIGUE TREMBLAY THAT AN INCREASE IN THE MINIMUM WAGE COULD INHIBIT INVESTMENT, CABINET ACCEPTED LABOR MINISTER JACQUES COUTURE S ARGUMENT FOR AN INCREASE TO 3 DOLLARS AN HOUR MINIMUM WAGE BY JANUARY 1, 1977. THE THIRTY CENT AN HOUR INCREASE FOR MANY OF QUEBEC S 300,000 MINIMUM WAGE EARNERS IS TO BE FOLLOWED BY A

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SYSTEM OF AUTOMATIC INDEXATION TO THE COST-OF-LIVING. RENE

LEVESQUE SAID CABINET ACTED IMMEDIATELY AS IT WAS IMPORTANT FOR EMPLOYERS TO KNOW NOW GOQ INTENTIONS CONCERNING MINIMUM WAGE. SPOKESMEN FOR THE CONSEIL DU PATRONAT, QUEBEC S LARGEST EMPLOYER GROUP, EXPRESSED FEAR THAT PQ GOVERNMENT HAD NOT FULLY ASSESSED POTENTIAL NEGATIVE EFFECTS OF NEW 3 DOLLARS MINIMUM WAGE. THEY QUESTIONED WHETHER QUEBEC HAS THE MEANS TO AFFORD SUCH AN INCREASE CONSIDERING THE CURRENT UNEMPLOYMENT SITUATION AND THE PROVINCE'S DIMINISHING PRODUCTIVITY.

3. CABINET ASKED MINISTER OF STATE FOR ECONOMIC DEVELOPMENT BERNARD LANDRY TO PREPARE A BUY-QUEBEC POLICY TO GO INTO EFFECT BY JANUARY 15. THIS IS BEING INTERPRETED HERE AS MOVE STRENGTHEN QUEBEC ECONOMY IN A WINTER WHICH PREMIER WARNED WOULD BE TOUGH. IT WILL COVER ALL PUBLIC AND PARA-PUBLIC PURCHASING OF TANGIBLE GOODS - WITH AN ECONOMIC CLOUD ESTIMATED TO TOTAL 2 BILLION DOLLARS ANNUALLY.

4. CABINET ORDERED A PRELIMINARY INVESTIGATION INTO 1.4 BILLION DOLLARS COST OF CONSTRUCTING OLYMPIC GAME FACILITIES AND HAS AGREED IN PRINCIPLE TO A "COMPLETE AND EXHAUSTIVE" PROBE LATER. PROVINCIAL TREASURY BOARD WILL MAKE PRELIMINARY REPORT BY FEBRUARY 1. A FOUR MAN ADMINISTRATIVE INQUIRY INTO OLYMPIC COSTS SET UP BY LIBERALS BEFORE ELECTION WAS SCRAPPED.

5. IN AN ATTEMPT TO AVOID AIR OF SCANDAL WHICH TOUCHED BOURASSA GOVERNMENT, CABINET DECIDED PROHIBIT ACCEPTANCE OF ANYTHING MORE THAN TOKEN GIFTS BY CABINET MINISTERS, PARLIAMENTARY ASSISTANTS AND CIVIL SERVANTS. COMMEMORATIVE PLAQUES, SOUVENIR DOCUMENTS, AND MODEST GIFTS ARE ACCEPTABLE BUT EVERYTHING NOT OF A STRICTLY PERSONAL NATURE MUST BE RETURNED. IF BOTH SPIRIT AND LETTER OF THE REGULATION ARE RIGIDLY ADHERED TO, IT COULD BE IMPORTANT FIRST STEP IN PQ DRIVE TO RENEW PUBLIC'S TRUST IN GOVERNMENT.

6. SPEAKING THURSDAY TO THE UNITED STEELWORKERS CONVENTION IN IRON-ORE COUNTRY NEAR SEPT-ILES, LEVESQUE STATED AN INDEPENDENT QUEBEC WOULD BRING ITS CLAIM FOR POSSESSION OF LABRADOR BEFORE THE INTERNATIONAL COURT AT THE HAGUE. HE DISMISSED POSSIBILITY OF SETTLEMENT OF THE CLAIM BEFORE INDEPENDENCE WAS ACHIEVED. PREMIER STATED THAT 1927 BRITISH PRIVY COUNCIL UNCLASSIFIED

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DECISION WHICH ESTABLISHED CURRENT BORDER WITH LABRADOR AS PART OF NEWFOUNDLAND WAS UNJUST. PREMIER ADDED THAT HE WOULD TRY TO NEGOTIATE MATTERS WITH NEWFOUNDLAND GOVERNMENT BEFORE GOING TO COURT.

7. MINISTER OF STATE FOR PARLIAMENTARY REFORM ROBERT BURNS ANNOUNCED HIS INTENTION INTRODUCE REFORMS FOR PARTIAL PROPORTIONAL REPRESENTATION IN NATIONAL ASSEMBLY AND ABOLISH SECRET

PARTY CAMPAIGN CHESTS DURING NEXT SESSION. NO TARGET DATES HAVE BEEN SET. BURN'S SAID PARTY'S COMMITMENT TO GIVE QUEBEC A PRESIDENTIAL SYSTEM OF GOVERNMENT MUST AWAIT INDEPENDENCE BUT, IN THE INTERIM, HE WOULD WORK TO MAKE THE EXISTING BRITISH PARLIAMENTARY SYSTEM MORE DEMOCRATIC. THE SYSTEM OF PROPORTIONAL REPRESENTATION WOULD, IF LEGISLATED, APPLY TO ONE-THIRD OF NATIONAL ASSEMBLY, REDUCING THE GAP BETWEEN THE PROPORTION OF POPULAR VOTE WON BY POLITICAL PARTIES AND THEIR REPRESENTATION IN ASSEMBLY. THE MOST PRESSING PRIORITY OF REFORM, BURNS SAID, WOULD BE HONORING PQ CAMPAIGN PROMISE TO ABOLISH SECRET PARTY SLUSH FUNDS. ALL POLITICAL CONTRIBUTIONS ABOVE A TO-BE DETERMINED LIMIT WOULD HAVE TO BE MADE PUBLIC KNOWLEDGE.

8. COMMENTS: CABINET'S INITIAL ACTIONS WERE VIGOROUS BUT NOT SURPRISING. PQ RECEIVED HEAVY VOTE FROM LABOR UNION MEMBERS AND FROM STRATA OF SOCIETY WHICH WOULD RECEIVE MINIMUM WAGE. INCREASE IN MINIMUM WAGE IS THUS POLITICALLY USEFUL AND IN LINE WITH PARTY'S SOCIAL DEMOCRATIC ORIENTATION. BUY-QUEBEC DRIVE SHOULD HELP GOQ FULFIL CAMPAIGN PROMISE TO CONCENTRATE DEVELOPMENTAL EFFORTS ON SMALL AND MEDIUM SIZE INDIGENOUS BUSINESS EFFORTS RATHER THAN ON LARGE GLAMOROUS PROJECTS SUCH AS JAMES BAY WHICH RELY HEAVILY ON IMPORTED CAPITAL. ON OTHER HAND, TREMBLAY'S STATEMENT - EVEN IF IT DID NOT CARRY THE DAY - IS YET ANOTHER INDICATION THAT NEW GOQ IS SERIOUSLY CONCERNED ABOUT ATTRACTING FOREIGN INVESTMENT. TWO-TIER LEVEL OF "EXHAUSTIVE INQUIRY" INTO OLYMPICS COULD FACILITATE QUIETLY DROPPING INVESTIGATION IF NOTHING DEVELOPS. QUESTION OF LABRADOR HAS BEEN LONG-STANDING BONE OF CONTENTION FOR QUEBEC. FOR SOME TIME, MAPS PRINTED IN QUEBEC HAVE CARRIED LEGEND "THE QUEBEC/NEWFOUNDLAND BOUNDARY IS NOT SHOWN FOR A GOOD

REASON." THE LIBERAL GOVERNMENT RAISED ISSUE VARIOUS TIMES IN VARIOUS WAYS, THE LAST BEING FORMER NATURAL RESOURCE MINISTER UNCLASSIFIED

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COURNOYER'S TRIAL BALLOON SUGGESTING RENEGOTIATION OF CHURCHILL FALLS POWER CONTRACTS IN EXCHANGE FOR TERRITORY. LEVESQUE APPEARS TO HAVE PUT THE PROBLEM OFF INTO THE DISTANT FUTURE WITH HIS COMMENTS EVEN WHILE INDICATING IT STILL EXISTS. GARLAND

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